

**James Madison to Alexander J. Dallas, July 4, 1816.
Transcription: The Writings of James Madison,
ed. Gaillard Hunt. New York: G.P. Putnam's Sons,
1900-1910.**

TO ALEXANDER J. DALLAS,¹ MAD. MSS.

¹ Dallas was nominated to be Secretary of the Treasury October 5, 1814; confirmed at once and entered upon his duties October 14. He resigned April 8, 1816, and served to October 21, when William H. Crawford succeeded him. On April 9, Madison wrote to Dallas:

"I have recd. your letter of yesterday communicating your purpose of resigning the Dept. of the Treasury. I need not express to you the regret at such an event which will be inspired by my recollection of the distinguished ability and unwearied zeal, with which you have filled a station at all times deeply responsible in its duties, through a period rendering them particularly arduous & laborious.

"Should the intention you have formed be nowise open to reconsideration, I can only avail myself of your consent to prolong your functions to the date and for the object which your letter intimates. It cannot but be advantageous that the important measure in which you have had so material an agency, should be put into its active state by the same hands.

"Be assured Sir, that whatever may be the time of your leaving the Department, you will carry from it, my testimony of the invaluable services you have rendered to your Country, my thankfulness for the aid they have afforded in my discharge of the Executive trust, and my best wishes for your prosperity & happiness."— *Mad. MSS.*

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Montpelier, July 4, 1816.

Dear Sir, —I have recd. yours of the 29 June, with the several papers sent with it.

Under the difficult circumstances of the currency, and the obligation to attempt a remedy or at least an alleviation of them, the plan you have in view is entitled to a fair experiment. You do right however in reserving a discretion to judge of the sufficiency of accessions by the State Banks. Should there be a single State, in which a failure of the Banks to accede should reduce the people to the necessity of payg. their taxes in coin, or treasury notes, or a bank paper out of their reach, the pressure and the complaint would be intense, and the more so from the inequality with which the measure wd. operate.¹

¹ On January 8 Calhoun reported the bill to incorporate the subscribers to the Bank of the United States, which was passed and approved by Madison April 10. Madison's argument against the constitutionality of a federal bank may be found *ante*, Vol. VI., p. 27, *et seq.*

Can the suspension of payments in coin by the principal Banks, be regarded as the precise cause of the undue depreciation of treasury notes, as intimated in the 3d paragraph of your Circular? A slight modification, if you think it requisite, would obviate the remark.

As your statement to the President will remain an official document, I suggest for your consideration, the expression that the Treasy. "cannot discriminate in the mode of payment between the revenue of the customs and the internal revenue" as liable to be turned agst. the Distinction proposed in the payment of them.

With respect to the validity of this distinction, I should yield my doubts if they were stronger than they are, to the unanimous opinion which has sanctioned it.

I anxiously wish that the State Banks may enter promptly & heartily

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into the means of re-establishing the proper Currency. Nothing but their general co-operation, is wanting for the purpose; and they owe it to their own character, and ultimately to their own interest, as much as they do to the immediate & vital interest of the Nation. Shd. they sacrifice all these powerful obligations to the unfair gain of the moment, it must remain with the State Legislatures to apply the remedy, and it is to be hoped that they will not be diverted from it either by their share in the gains of the Banks, or the influence of the Banks on their deliberations. If they will not enforce the obligation of the Banks to redeem their notes in specie, they cannot surely forbear to enforce the alternatives of redeeming them with public stock, or with national Bank notes, or, finally of paying interest on all their notes presented for payment. The expedient also of restricting their circulating paper in a reasonable proportion to their metallic fund, may merit attention as at once aiding the credit of their paper, and accelerating a resumption of specie payments.

I enclose the papers marked A, B, & C, to guard agst. the possibility, that you may not have copies of them with you.